GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5279
ANSWERED ON:22.12.2000
RECOVERY OF BANK LOANS
RAGHUVANSH PRASAD SINGH

Will the Minister of FINANCE be pleased to state:

(a) Whether attention of the Government has been drawn to a news-item captioned `Tatas default foreign loan, lose suit in NY Court` appearing in the Indian Express dated 13th October,200;

(b) Whether the overseas branches of the State Bank of India, Bank of India and Canara Bank are now to recover Rs.74 crores in Indian currency from the Tata promoted company as per the NY Supreme Court orders; and

(c) If so, the manner in which the Government propose to recover this amount from the company?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a) to (c): Yes, Sir. A consortium of Banks including State Bank of India (SBI) had sanctioned a loan to Taj Lanka Hotels promoted by Indian Hotel companies Limited (IHCL) of Tata GroupHowever, the repayments to Banks were defaulted on account of set-back to the company due to continuted ethnic strife in SriLanka and Bank had to file a suit against the company/guarantor in New York which were decreed in favour of the Bank. However, IHCL has entered into settlement with Banks to repay the dues. In view of the delay in uncertainties associated with recoveries through litigation route, the low realisable value of the properties at SriLanka etc., the compromise offer has been approved by the committee of SBI and other financing banks.